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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:	)	
	)	Case No. 12-12020 (MG)
	)	
RESIDENTIAL CAPITAL, LLC, <u>et al.</u> ,	)	Chapter 11
	)	
Debtors.	)	Jointly Administered
	)	

**ELEVENTH POST-CONFIRMATION STATUS  
REPORT OF THE RESCAP LIQUIDATING TRUST**

The ResCap Liquidating Trust (the “**Liquidating Trust**”), as successor in interest to the debtors (collectively, the “**Debtors**”) in the above-captioned cases (the “**Chapter 11 Cases**”), hereby submits this post-confirmation status report for the quarterly period ending on March 31, 2017 (the “**Reporting Period**”), and respectfully represents as follows:

**STATUS REPORT**

1. On December 11, 2013, the Court entered the *Order Confirming Second Amended Joint Chapter 11 Plan Proposed by Residential Capital, LLC et al. and the Official Committee of Unsecured Creditors* (the “**Confirmation Order**”) [Docket No. 6065] approving the terms of the Chapter 11 plan, as amended (the “**Plan**”), filed in these Chapter 11 Cases [Docket No. 6065-1].<sup>1</sup>

2. On December 17, 2013, the Effective Date of the Plan occurred (the “**Effective Date**”), and the Liquidating Trust was established [Docket No. 6137]. Pursuant to the Plan, the Liquidating Trust was established to wind down the affairs of the Debtors. *See* Plan, Art. VI.

<sup>1</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.

3. On August 13, 2014, the Liquidating Trust filed an application for entry of a post-confirmation order (the “**Post-Confirmation Order**”) [Docket No. 7385]. On August 26, 2014, the Court entered an amended Post-Confirmation Order [Docket No. 7431]. Pursuant to the Post-Confirmation Order, the Liquidating Trust is required to file quarterly and annual status reports detailing the actions taken by the Liquidating Trust and the progress made toward the consummation of the Plan.

4. Attached hereto as **Exhibit A** is a copy of the Liquidating Trust’s consolidated financial statements and letter to beneficiaries (collectively, the “**Financial Statements**”) detailing the Liquidating Trust’s activity during the Reporting Period. The Financial Statements have been posted to the Liquidating Trust’s website at <http://rescapliquidatingtrust.com>.

**NOTICE**

5. Notice of this Status Report has been provided to the parties identified on the Special Service List and General Service List, as those terms are defined in the Notice, Case Management, and Administrative Procedures approved by the Court [Docket No. 141], including the Office of the U.S. Trustee for the Southern District of New York.

Dated: May 9, 2017  
New York, New York

KRAMER LEVIN NAFTALIS & FRANKEL LLP

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*Counsel for the ResCap Liquidating Trust*

**Exhibit A**

## ResCap Liquidating Trust

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# ResCap Liquidating Trust

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Consolidated Financial Statements  
as of and for the Period Ended March 31, 2017  
(Unaudited)

## ResCap Liquidating Trust

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## ResCap Liquidating Trust

### Consolidating Statement of Net Assets in Liquidation

(Unaudited)

In thousands (except per unit)

	March 31, 2017				December 31, 2016
	ResCap Liquidating Trust	Cap Re of Vermont, LLC	International	Consolidated ResCap Liquidating Trust	Consolidated ResCap Liquidating Trust
Assets:					
Cash and cash equivalents	\$ 383,186	\$ 6,392	\$ 2,190	\$ 391,768	\$ 378,344
Restricted cash	44,609	25,655	-	70,264	124,070
Mortgage assets	164,891	-	-	164,891	174,654
Other receivables	15,263	2,230	1	17,494	32,250
Other assets	1,363	100	2	1,465	1,182
Total assets	609,312	34,377	2,193	645,882	710,500
Liabilities:					
Claims and settlements	682	14,796	1,171	16,649	21,292
DOJ/AG consent settlement	16,121	-	-	16,121	19,940
Estimated costs to operate Trust	250,135	211	334	250,680	280,232
Liability for undistributed funds	27,525	-	-	27,525	73,552
Total liabilities	294,463	15,007	1,505	310,975	395,016
Net Assets in Liquidation	\$ 314,849	\$ 19,370	\$ 688	\$ 334,907	\$ 315,484
Total units in the Trust				100,000,000	100,000,000
Net assets per authorized unit				\$ 3.35	\$ 3.15

The Notes to Consolidated Financial Statements are an integral part of these statements.

## ResCap Liquidating Trust

### Consolidated Statement of Cash Receipts and Disbursements

(Unaudited)  
In thousands

	Quarter ended March 31, 2017	Effective Date through March 31, 2017
<b>Receipts</b>		
Receipts on mortgage assets	\$ 6,852	\$ 440,718
Litigation/claim recoveries	35,034	440,363
Other receipts	4,729	98,540
Plan settlements	-	2,100,000
Total receipts	46,615	3,079,621
<b>Disbursements</b>		
Claims and settlements	(5,047)	(1,635,560)
DOJ/AG consent settlement	(3,966)	(81,163)
Costs to operate the Trust	(31,957)	(375,872)
Declared distributions	-	(2,230,000)
Change in undistributed funds	(46,027)	27,526
Total disbursements	(86,997)	(4,295,069)
Net cash flow	(40,382)	(1,215,448)
Cash and restricted cash, beginning of period	502,414	1,677,480
Cash and restricted cash, March 31, 2017	\$ 462,032	\$ 462,032

The Notes to Consolidated Financial Statements are an integral part of these statements.

## ResCap Liquidating Trust

### Consolidated Statement of Changes in Net Assets in Liquidation

(Unaudited)

In thousands (except per unit)

	Quarter ended March 31, 2017	Effective Date through March 31, 2017
Net cash flow	\$ (40,382)	\$ (1,215,448)
Other non-cash changes:		
(Decrease) in asset value assumptions	(5,349)	(19,504)
(Increase) in costs to operate the Trust	(1,801)	(420,995)
(Increase) in DOJ/AG consent settlement	(58)	(16,624)
Basis of assets/liabilities liquidated/resolved	20,986	(480,598)
(Increase) decrease in distributions held for Beneficiaries	46,027	(27,525)
Total non-cash changes	59,805	(965,246)
Total Increase (decrease) in net assets	19,423	(2,180,694)
Net assets in liquidation, beginning of period	315,484	2,515,601
Net assets in liquidation, March 31, 2017	\$ 334,907	\$ 334,907

Per unit information:

	\$ per Unit	\$ per Unit
Net assets per unit, beginning of period	\$ 3.15	\$ 25.16
Increase in net assets per unit	0.20	0.49
Declared distributions per unit	-	(22.30)
Net asset per unit, March 31, 2017	\$ 3.35	\$ 3.35

The Notes to Consolidated Financial Statements are an integral part of these statements.



## ResCap Liquidating Trust

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

#### 1. Description of Business and Basis of Presentation

The ResCap Liquidating Trust ("Trust") was formed in connection with the Plan of Reorganization under chapter 11 of the United States Bankruptcy Code ("Plan") in the bankruptcy case of Residential Capital, LLC ("ResCap") and 50 of its direct and indirect subsidiaries (collectively, the "Debtors"). The Plan was confirmed by the bankruptcy court on December 11, 2013 and became effective on December 17, 2013 ("Effective Date").

Under the terms of the Plan and Liquidating Trust Agreement, units of beneficial interest ("Units") were issued by the Trust to holders of allowed general unsecured claims ("Allowed Claims") against the Debtors, other than holders of general unsecured claims in classes for which the Plan prescribes payments of cash. The Units entitle their holders ("Beneficiaries") to receive a proportionate amount of cash distributions made by the Trust. The Units are issued only in book-entry form in accordance with the procedures of the Depository Trust Company. Certain holders of Allowed Claims are still in the process of providing information needed to be issued their Units.

The Liquidating Trust Agreement allows for additional distributable cash distributions ("Declared Distributions") after the initial distribution to occur no less frequently than semi-annually; however the Trust is not required to make a semi-annual distribution if aggregate distributable cash at the time is such as would make the distribution impracticable, as determined by the Liquidating Trust Board ("Board").

The Disputed Claims Reserve ("DCR") was established to hold Units, and cash and other assets for the benefit of holders of general unsecured claims that become Allowed Claims after the Effective Date, unless such claims are satisfied in cash in accordance with the Plan. The Trust makes distributions of Units and cash from the DCR to holders of disputed claims that become Allowed Claims at intervals determined by the Board.

The Consolidated Financial Statements (the "Consolidated Financial Statements") have not been prepared in accordance with generally accepted accounting principles; rather they have been prepared using a liquidation basis of accounting, which the Trust considers an appropriate basis of accounting at this time. The assets are stated at their estimated net realizable value, which is the amount of cash into which an asset is expected to be converted during the liquidation period. Assets are also established for future income expected to be earned by the Trust. Mortgage assets are valued based on projected expected recoveries for each asset type, and include mortgage loans, servicer advances, interest income, real estate owned, and trading securities. Costs to dispose of assets are also projected and are netted in mortgage assets. The Trust also accrues costs that it expects to incur through the end of its liquidation. The estimated future legal costs represent current estimates through calendar year 2018 including trial costs for certain of the pending correspondent cases. Actual future costs could vary significantly depending upon a wide variety of factors due to the uncertainties inherent in complex litigation. On a periodic basis, the Trust evaluates such estimates to take into consideration the overall status of the litigation and any material changes in circumstances or factors affecting the litigation, including but not limited to updated scheduling of the cases, discovery, settlements, and other factors that may affect such estimates. The Trust will record and value affirmative settlements or judgments when realized and collectability is reasonably anticipated. The Trust does not accrue contingent costs.

## ResCap Liquidating Trust

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The Consolidated Financial Statements include the accounts of the Trust and its majority-owned subsidiaries after eliminating all significant intercompany balances and transactions. The Consolidating Statement of Net Assets in Liquidation combines assets held in bailment and non-material subsidiaries into the Trust entity. Other wholly-owned subsidiaries include Cap Re of Vermont, LLC, ("Cap Re"), a captive reinsurance company, and RFC Foreign Equity Holding Co ("International"), which holds all international businesses, and has adopted a Plan of Liquidation. Intercompany balances between entities are excluded.

The Consolidated Financial Statements as of and for the period ended March 31, 2017, are unaudited and reflect all adjustments that are, in management's opinion, necessary for the fair presentation of the results for the periods presented.

### Significant Accounting Policies

#### Cash and Cash Equivalents, and Restricted Cash

Cash and cash equivalents include cash on hand and short term, liquid investment securities with a maturity of three months or less when purchased. Restricted cash consists of cash that is restricted for specific purposes and is not generally available to the Trust.

#### Mortgage Assets

Mortgage assets include mortgage loans, servicer advances, interest income, real estate owned, trading securities, and costs to sell assets.

##### Mortgage Loans

Government-insured mortgage loans were either originally acquired by the Debtors from off-balance sheet securitizations guaranteed by the Government National Mortgage Association ("GNMA") or were originated by the Debtors for sale to GNMA, but were ineligible for sale due to insufficient documentation in the loan file. As a result of borrower default or contractual delinquency triggers, they ultimately may become claims for reimbursement from the Federal Housing Association ("FHA") or Veterans Administration ("VA") for eligible mortgage loan principal and interest. All government-insured mortgage loans are shown as mortgage loans on the Consolidated Statement of Net Assets in Liquidation, regardless of their status in the claims process.

Non-insured mortgage loans consist primarily of mortgage loans removed from Federal National Mortgage Association and Federal Home Loan Mortgage Association securitizations or loans excluded from asset sales and certain additional borrower advances on home equity line of credit loans excluded from securitizations when a rapid amortization event occurred. Certain of these loans are significantly delinquent or are otherwise in distress.

The value of mortgage loans is determined by modeling the net present value of the cash flows expected to be received over the life of the loan, based on asset resolution strategies. The delinquency, non-accrual or foreclosure status of the loans, including timing of the insurance reimbursement process and the reimbursement policies of the government agencies, all contribute to the carrying value. Assets targeted for sale are modeled to sales price.

## ResCap Liquidating Trust

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### Servicer Advances

The Trust is required, from time to time, to make certain servicer advances on loans that it owns or on loans where it retains the servicing rights. These servicer advances are for property taxes and insurance premiums ("Escrow") and for default and property maintenance payments ("Corporate"). Servicer Advances are modeled based on the net present value of the expected recovery of the advance either through borrower repayment, collection from government agencies on insured loans or sale to a third party.

### Interest Receivables

Interest Receivables generally arise from interest payments on mortgage loans. All future estimated interest income is capitalized and is valued based on the asset management strategies and net present value of the modeled cash flows of the underlying assets.

### Real Estate Owned

Real estate owned from loan foreclosures ("REO") are classified as REO when physical possession of the collateral is taken. REOs are carried at their liquidation value and are held in a subsidiary whose stock is owned by the Trust.

### Costs to Sell Assets

Lifetime costs to sell assets are estimated based on the asset disposition strategy and are recorded as a contra asset within mortgage assets.

### Affirmative Recoveries

The Trust will record and value affirmative settlements or judgments when realized and collectability is reasonably anticipated.

### Claims and Settlements

Claims and settlements are recorded based upon obligations of the Trust under the Plan, the impact of potential settlements to liquidate certain assets and estimates of future insurance claims related to Cap Re.

Cap Re has excess layer reinsurance agreements with non-affiliated private mortgage insurance ("PMI") companies that provide PMI on mortgage loans. Cap Re assumes the risk of loss over a specified first loss percentage for covered loans and in return earns a portion of the PMI premium associated with those mortgage loans. Cap Re reserves for loss and loss adjustment expenses when notices of default on insured mortgage loans are received and the specified first loss percentage covered by the ceding company is exhausted.

Claims and settlement reserves reflect management's best estimate of probable amounts payable in connection with such matters. As a claim or settlement matter develops, management evaluates on an ongoing basis whether such matter presents a liability that is both probable and estimable. When the liability related to a matter is deemed to be both probable and estimable, a liability is recognized. These liabilities are continuously monitored and adjusted to reflect the most recent information related to each matter. In matters for which a liability is not deemed probable, but rather reasonably possible to occur, management would attempt to estimate an amount related to that event. For these matters, a liability is not recorded. However, if an amount can be estimated, this amount would be disclosed if it is material to

## ResCap Liquidating Trust

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the Consolidated Financial Statements. There is no accrual and no disclosure for matters which are deemed remote.

### Estimated Costs to Operate the Trust

The Trust accrues for all costs it expects to incur during its lifetime based on approved strategic assumptions and the Trust's current estimates. These costs are estimated based on asset resolution strategies and modeled wind-down expenses of the Trust's operations and are recorded as liabilities.

### Income Taxes

The Trust is a Grantor Trust, treated as a flow-through entity for U.S. federal and state income tax purposes. As a flow-through entity, all income and expense flows through to the Beneficiaries to be reported on their respective income tax returns. The Trust is not subject to U.S. federal or state income taxes; therefore, no accrual for these taxes is made. The Trust files a Federal return and multiple state returns and all tax periods since the Trust's Effective Date remain open for examination.

The consolidated subsidiaries are wholly owned by the Trust, including those that may own REO. These subsidiaries are subject to U.S. federal, state or foreign income taxes.

Additionally, the Trust elected for U.S. federal and state income tax purposes to report the DCR as a Disputed Ownership Fund. The assets transferred to the DCR are considered to be passive assets; thus, the DCR will also be subject to U.S. federal and/or state income taxes.

All estimated taxes to be paid are included in estimated costs to operate the Trust. Any tax filing interest and penalties incurred by the Trust's subsidiaries will be recognized as estimated costs to operate the Trust in the period incurred.

## 2. Restricted Cash

Restricted cash is comprised of the following (in \$000's):

	March 31, 2017	December 31, 2016
Cash held in DCR	\$ 26,731	\$ 72,987
Distributions held for Beneficiaries	794	565
APSC claims and other administrative claims reserve	682	4,523
DOJ/AG consent settlement reserve	16,121	20,000
Servicer Escrow	281	-
Trust subtotal	44,609	98,075
Cap Re restricted cash	25,655	25,995
Total restricted cash	\$ 70,264	\$ 124,070

## ResCap Liquidating Trust

The restricted cash reserve for administrative and other priority claims, secured claims, unsecured convenience claims and certain other unsecured claims ("APSC") was funded to satisfy obligations for APSC and other administrative claims. The Trust's liability for such obligations is not limited by the reserve balance.

Activity related to the APSC claims restricted cash reserve is as follows (in \$000's):

	Quarter ended March 31, 2017
Balance, beginning of period	\$ 4,523
Additions – cash / assets	-
Withdrawals – Allowed Claims	(3,841)
Balance, March 31, 2017	\$ 682

The DOJ/AG Consent Settlement restricted cash reserve was originally funded to satisfy obligations under the DOJ/AG Consent Settlement. The reserve must maintain a minimum balance of the lesser of \$20.0 million or the remaining liability under the DOJ/AG Consent Settlement. The Trust's liability for such obligations is not limited by the reserve balance. See Note 8 Commitments and Contingencies for further information regarding the liability.

Activity related to the DOJ/AG Consent Settlement restricted cash reserve is as follows (in \$000's):

	Quarter ended March 31, 2017
Balance, beginning of period	\$ 20,000
Additions	-
Releases / Payments	(3,879)
Balance, March 31, 2017	\$ 16,121

### 3. Mortgage Assets

Mortgage assets are comprised of the following (in \$000's):

	March 31, 2017		December 31, 2016	
	Gross Balance	Carrying Value	Gross Balance	Carrying Value
Mortgage loans	\$ 202,866	\$ 142,596	\$ 209,630	\$ 134,909
Servicing advances	59,205	15,798	59,924	18,585
Interest receivable	2,187	2,187	17,415	17,415
Real estate owned	5,716	2,639	5,696	2,360
Trading securities	1,695	1,671	1,409	1,385
Total mortgage assets	\$ 271,669	\$ 164,891	\$ 294,074	\$ 174,654

The Trust's carrying value of mortgage assets uses internal models to determine the cash flows expected to be received over the life of the loan. The Trust's recovery estimates and assumptions are based on loan level attributes including, but not limited to, delinquency status, aging, and claim versus loan status. The Trust carrying value reflects the net present value of the cash flows expected to be received over the

## ResCap Liquidating Trust

lifetime of the mortgage assets. Because of the uncertainties associated with estimating the amounts, timing and likelihood of possible outcomes, actual results could differ from the Trust's estimates.

Mortgage loans are comprised of the following material sub-portfolios. (Unpaid principal balance "UPB" in \$000's):

	March 31, 2017		December 31, 2016	
	UPB	% of Total	UPB	% of Total
Pre foreclosure loans	\$ 123,300	60.8%	\$ 133,302	63.6%
FHA initial claims	59,154	29.2%	54,914	26.2%
FHA reconveyance claims	14,927	7.3%	14,831	7.1%
Other	5,485	2.7%	6,583	3.1%
Total mortgage loans	\$ 202,866	100.0%	\$ 209,630	100.0%

Pre-foreclosure loans include government insured and non-insured and non-securitized loans. Delinquency attribution of the pre-foreclosure mortgage loans is as follows (UPB in \$000's):

	March 31, 2017		December 31, 2016	
	UPB	% of Total	UPB	% of Total
0-29 days delinquent	\$ 26,246	21.3%	\$ 39,512	29.6%
30-59 days delinquent	7,868	6.4%	4,071	3.1%
60-89 days delinquent	2,542	2.1%	1,981	1.5%
Contractually 90+ days delinquent	19,114	15.5%	12,782	9.6%
Non-performing bankruptcy	9,505	7.7%	5,451	4.1%
Performing bankruptcy plan	1,047	0.8%	4,982	3.7%
Active in loss mitigation	10,676	8.7%	5,528	4.1%
In foreclosure	46,302	37.5%	58,995	44.3%
Total	\$ 123,300	100.0%	\$ 133,302	100.0%

FHA initial claim aged from the initial liquidation event such as foreclosure or short sale is as follows (UPB in \$000's):

	March 31, 2017		December 31, 2016	
	UPB	% of Total	UPB	% of Total
0 - 29 days	\$ 3,376	5.7%	\$ 320	0.6%
30 - 59 days	1,741	3.0%	2,761	5.0%
60 - 89 days	442	0.7%	1,750	3.2%
90 - 179 days	5,857	9.9%	4,129	7.5%
180 days - 1 year	7,496	12.7%	6,592	12.0%
1 - 2 years	13,981	23.6%	5,632	10.3%
2+ years	26,261	44.4%	33,730	61.4%
Total	\$ 59,154	100.0%	\$ 54,914	100.0%

## ResCap Liquidating Trust

The table below represents the aging attribution for FHA reconveyance claims (aged from the date the claim was reconveyed from HUD (UPB in \$000's) :

	March 31, 2017		December 31, 2016	
	UPB	% of Total	UPB	% of Total
0 - 29 Days	\$ -	-	\$ -	-
30 - 59 Days	293	2.0%	478	3.2%
60 - 89 Days	-	-	323	2.2%
90 - 179 Days	1,474	9.9%	1,487	10.0%
180 Days - 1 Year	1,614	10.8%	1,197	8.1%
1 - 2 Years	5,246	35.1%	3,678	24.8%
2+ Years	6,300	42.2%	7,668	51.7%
Total	\$ 14,927	100.0%	\$ 14,831	100.0%

#### 4. Other Receivables

Other receivables is comprised of the following (in \$000's):

	March 31, 2017	December 31, 2016
Affirmative Matters, net	\$ 13,967	\$ 26,336
Cap Re premium receivable	2,230	2,389
Other	1,297	3,525
Total other receivables	\$ 17,494	\$ 32,250

See Note 8 Commitments and Contingencies for further information on affirmative matters.

#### 5. Claims and Settlements

Claims and settlements are comprised of the following (in \$000's):

	March 31, 2017	December 31, 2016
Bankruptcy related claims:		
APSC claims and other administrative claims	\$ 682	\$ 4,523
Subtotal – bankruptcy related claims	682	4,523
Settlements:		
Cap Re reserves	14,796	15,950
Other settlements	1,171	819
Subtotal – settlements	15,967	16,769
Total claims and settlements	\$ 16,649	\$ 21,292

## ResCap Liquidating Trust

### 6. Estimated Costs to Operate the Trust

Estimated costs to operate the Trust are comprised of the following (in \$000's):

	March 31, 2017	December 31, 2016
Professional fees	\$ 181,997	\$ 197,151
Compensation	23,694	30,738
Document management	12,481	14,107
Information technology	10,781	13,388
Transition services	1,242	1,410
Other operating costs	20,485	23,438
Total costs to operate the Trust	\$ 250,680	\$ 280,232

### 7. Distributions to Beneficiaries and Disputed Claims Reserve

Distributions on Allowed Claims represent Units and related cash released from the DCR for claims that became Allowed Claims between December 17, 2013 and March 3, 2017. Other Claims that became Allowed Claims after March 3, 2017 will receive their Units at the next Unit distribution date. Distributions on Allowed Claims include Units and cash designated as Distributions Held for Beneficiaries pending receipt of certain information from the holders.

	Quarter ended March 31, 2017			
Units	Distributed to Beneficiaries	Held by DCR	Held for Beneficiaries	Total Distribution
Balance, beginning of period	96,701,713	3,272,954	25,333	100,000,000
Declared distribution	-	-	-	-
Releases to Beneficiaries	118,887		(118,887)	-
Distributions on Allowed Claims	1,945,083	(2,074,234)	129,151	-
Balance, March 31, 2017	98,765,683	1,198,720	35,597	100,000,000

	Quarter ended March 31, 2017			
Cash (in 000's)	Distributed to Beneficiaries	Distributions Held by DCR	Distributions Held for Beneficiaries	Total Distribution
Balance, beginning of period	\$ 2,156,448	\$ 72,988	\$ 564	\$ 2,230,000
Declared distribution	-	-	-	-
Releases to Beneficiaries	2,650	-	(2,650)	-
Distributions on Allowed Claims	43,377	(46,257)	2,880	-
Balance, March 31, 2017	\$ 2,202,475	\$ 26,731	\$ 794	\$ 2,230,000



## ResCap Liquidating Trust

Activity related to disputed claims is as follows (\$ in 000's):

	Quarter ended March 31, 2017	
	Number of Claims	Asserted Amount
Disputed Claims, beginning of period	33	\$ 86,940
Amount established during the period	-	-
Allowed Claims	(3)	(45,398)
Disallowed Claims	(1)	-
Reclassified to Convenience Claims	-	-
Disputed Claims, March 31, 2017	29	\$ 41,542

Distributions of Units will be made to holders of Allowed Claims based on the following issuance ratios, consistent with the distributions made as of the Effective Date:

- For holders of claims against the ResCap Debtors: 0.014305344 Units per dollar of Allowed Claim;
- For holders of claims against the GMACM Debtors: 0.011848742 Units per dollar of Allowed Claim;
- For holders of claims against the RFC Debtors: 0.003528361 Units per dollar of Allowed Claim.

At the discretion of the Board, Units in the DCR corresponding to claims that have been disallowed may be cancelled and any related cash made available for distribution to all Beneficiaries or added to the Administrative Expenses Set Aside. Alternatively, such Units and cash may be retained in the DCR for satisfaction of Allowed Claims in the future.

### 8. Commitments and Contingencies

#### *DOJ/AG Consent Settlement*

On February 9, 2012, Ally Financial, Inc., ResCap and certain of ResCap's subsidiaries reached an agreement in principle with respect to investigations into procedures followed by mortgage servicing companies and banks in connection with mortgage origination and servicing activities and foreclosure home sales and evictions ("DOJ/AG Consent Settlement") which was subsequently filed as a consent judgment in the US District Court. On and after the Effective Date, the Trust must continue to perform the remaining obligations under the DOJ/AG Consent Settlement, other than certain obligations assumed by the purchasers of ResCap's mortgage servicing rights in the sales that occurred during the chapter 11 cases pursuant to section 363 of the United States Bankruptcy Code (the "Section 363 Sales"). Under the terms of the DOJ/AG Consent Settlement, the Trust is obligated for certain Office of Mortgage Settlement Oversight ("OMSO") costs related to the purchasers in the Section 363 Sales.

The Trust estimated and established a liability for its DOJ/Consent Settlement obligations and related costs and expenses of \$16.1 million and \$20.0 million as of March 31, 2017, and December 31, 2016, respectively.

#### *Litigation*

Claims have been asserted against the Trust. At this time, the Trust cannot estimate the possible financial effect of these claims.

#### *Affirmative Matters*

The Trust is pursuing various affirmative matters. These include:

## ResCap Liquidating Trust

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- Indemnity and breach of contract claims (the "Correspondent Litigation") against correspondent lenders that sold loans to Residential Funding Company LLC ("RFC") (a subsidiary of ResCap ) have been brought in various court jurisdictions, seeking recovery of liabilities and losses that RFC incurred by virtue of its purchase from the defendants of residential mortgage loans that breached the defendants' representations and warranties through litigation and non-litigation processes.

During the quarter ended March 31, 2017, the Trust settled and recognized a total of \$22.0 million. The agreement provides for the full and final resolution of any pending or future litigation against the correspondent and a mutual release of all claims relating to residential mortgage loans that the correspondent sold to RFC.

- Other affirmative matters. The Trust is party to certain other affirmative matters, including an action against certain insurers for failure to cover certain settlement costs.

During the quarter, the Trust settled other affirmative matters totaling \$1.2 million.

- Reservation of rights. The Trust has reserved its rights with respect to other affirmative claims it may bring in the future.

At this time, the Trust cannot predict the outcome of these matters or estimate the possible financial effect of these matters on the Consolidated Financial Statements, and as such, neither contingent gains nor any contingent costs to pursue these matters are currently recorded.

Since the Effective Date, through March 31, 2017 and excluding subsequent events, the Trust settled a total of \$448.5 million in affirmative matters including \$419.0 million in Correspondent Litigation, \$9.7 million in International, and \$19.8 million in other matters. Of the total, \$434.6 million has been collected, and \$13.9 million has not yet been received and is recorded in Other Receivables.

### 9. Subsequent Events

Events subsequent to March 31, 2017 were evaluated through May 8, 2017, the date on which these Consolidated Financial Statements were issued.

Subsequent to March 31, 2017, on April 25, 2017, the Trust sold substantially all of its non-claim mortgage portfolio in consideration of proceeds of \$104.5 million.

Subsequent to March 31, 2017, the Trust settled with three additional parties in the Correspondent Litigation for a total of \$14.9 million.

The Trust entered into a settlement in April 2017 related to RMBS claims for aggregate consideration of \$10.0 million comprised of \$6.0 million of cash and \$4.0 million of securities.

On May 3, 2017, the Board declared a distribution of \$2.00 per Unit for a total of \$200 million, with a record date of May 18, 2017 and a distribution date of June 2, 2017.

# RESCAP

May 8, 2017

## LIQUIDATING TRUST

### **Dear Beneficiaries:**

We continue to focus on maximizing returns to Beneficiaries through continued prosecution of our correspondent litigation and managing the timely and efficient wind down of the remaining Trust assets and activities.

### **Recent Highlights of the Trust's Activities**

On May 3, 2017, the Board declared a distribution of \$2.00 per Unit for a total of \$200 million, with a record date of May 18, 2017 and a distribution date of June 2, 2017.

On April 25, 2017, the Trust sold substantially all of its non-claim mortgage portfolio in consideration of proceeds of \$104.5 million.

As of March 31, 2017, Net Assets for the Trust were \$334.9 million, an increase of \$19.4 million from EOY 2016.

Effective March 29, 2017, David Pauker was appointed to the Trust Board by KLS Diversified Asset Management LP. David replaces John Dubel on the Board.

### **Correspondent Lender Litigation**

As of the date of this letter, the Trust is litigating 33 cases against correspondent lenders of Residential Funding Company LLC, for indemnity and breach of contract, which are pending in Federal District Court in Minnesota, Minnesota State Court and Federal Bankruptcy Court for the Southern District of New York.

Since year end, the Trust settled four correspondent litigation cases for an aggregate amount of \$36.9 million. The Trust has reached settlements totaling approximately \$434.9 million since the inception of the Trust.

The Trust entered into a settlement in April 2017 related to RMBS claims for aggregate consideration of \$10.0 million comprised of \$6.0 million of cash and \$4.0 million of securities.

### **Assets**

With the execution of the loan sale, the Trust will focus on the servicing transfer during the second quarter. The Trust will continue to work with LoanCare and HUD to pursue claim recoveries on our insured loan portfolio and the sale of our Real Estate Owned (REO) properties. As of the March 31, 2017, our remaining gross balances on mortgage assets totaled \$271.7 million with a carrying value of \$164.9 million. Giving effect to the sale,

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## LIQUIDATING TRUST

remaining gross balances for mortgage assets are \$140.8 million with a carrying value of \$60.4 million.

### Claims

We continue to work with the remaining claimants for final resolution of the claims reserved for in the Disputed Claims Reserve.

### Regulatory

The Trust, as successor to the Debtors in the Bankruptcy case, is party to a settlement with the Department of Justice ("DOJ") and completed its requirements review of mortgage loans for potential violations under the Servicemembers Civil Relief Act ("SCRA") in October 2016. The remaining obligation with regard to the DOJ settlement is to work with and monitor Rust Consulting to ensure required SCRA remediation activities are conducted as appropriate. A specific restricted cash account with an outstanding balance of \$16.1 million at the end of the quarter will be utilized for all future liabilities related to remediation obligation to the service members and costs for professionals such as Rust Consulting. Obligation of the Trust for the SCRA work and outreach efforts is through October 2018.

### Administrative Expenses Set Aside

The Administrative Expenses Set Aside holds cash and other assets for the payment of Trust operating expenses. As of March 31, 2017, the Administrative Expenses Set Aside of \$250.1 million consisted of \$50.8 million in cash and \$199.3 million in pledged proceeds from future asset sales and/or recoveries.

Activity related to the Administrative Expenses Set Aside is as follows (in \$000's):

	Quarter ended March 31, 2017
Balance, Beginning of period	\$ 279,286
• Additions - cash	106
• Additions - pledged proceeds from future asset sales and/or recoveries	(29,257)
• Withdrawals - cash	-
Balance, March 31, 2017	\$ 250,135



# RESCAP

## LIQUIDATING TRUST

The Trust's first quarter 2017 financial report has been posted on our website at <http://www.rescapliquidatingtrust.com/#financial-statements>.

The Board and management of the Trust continue to work diligently towards the goal of maximizing value for Beneficiaries in the most efficient manner possible. We look forward to reporting on the results of our efforts.

Sincerely,



**John Ray**

Liquidating Trust Manager